MTM: What do you mean by the word ethics?

RK: One of the most useful ways for people to think about ethics is as the application of values to decision-making. Of course, the question then arises: What type of values are we talking about? At the Institute for Global Ethics, we have done a lot of work on the nature of shared core values. Wherever we go in the world, we ask people, “What are the most important shared values?” Regardless of differences in religion or social strata, people all over the world talk about the same five values: honesty, responsibility, respect, fairness, and compassion. That gives an interesting metric for thinking about what we mean by ethics: That which is ethical is honest, fair, responsible, respectful, and compassionate. That which is unethical is dishonest, unfair, irresponsible, disrespectful, or lacking in compassion. Note that the operative word here is or, not and. To be unethical you don’t have to fail in all five categories. You only need to fail in one. Even if you’re fair, responsible, and deeply compassionate, if you’re not honest, most people will consider you to be unethical.

The other definition I find helpful is an idea created by Lord Moulton, a nineteenth-century British parliamentarian, who spoke of ethics as “obedience to the unenforceable.” That’s an interesting concept, because it separates ethics from law. Law is obedience to the enforceable; ethics has to do with matters upon which the law is silent, but upon which there is a broad social consensus.

You [Pamela] and I are talking today, whether we realize it or not, because of an ethical constraint. If either of us had failed to keep our appointment, probably neither would have taken the other to court. Yet each of us would have looked at the other as unethical. You might have said to yourself, “He promised to do something and didn’t show up.” Most of what we do in every-
day life hinges on just such an ethical understanding, rather than on a legal understanding. When it comes to family foundations and wealth, that’s important. A lot of people think that if their advisers suggest something, if it isn’t illegal, it must be ethical—but that’s not the case. There are huge realms of ethical behavior about which the law has nothing to say.

MTM: You have written about the concept of ethical fitness. Could you say what you mean by that and how we can become more ethically fit—especially with regard to wealth?

RK: Ethics is not an inoculation, it’s a process. Most of us would scoff at a physical fitness program that says you can take a magic potion once in your life and be physically fit forever. Similarly, being ethically fit involves constant practice and challenging yourself. You don’t “get” ethics by reading one article, talking to one guru, or going to one seminar. You may learn a lot of fundamental ideas and get a conceptual platform to work with. But you need to do something to develop your skill, just as runners or musicians develop theirs. And, in my experience, if you don’t continue to exercise your ethical skill, you begin to lose it.

As for ethics and wealth, the first decision you encounter, as you consider the nature of ethical life, is “Am I going to be selfish or am I going to be ethical?” It’s pretty obvious to most of us that complete immersion in self almost rules out any prospect for ethical behavior. That has nothing to do with income in and of itself; all kinds of people can be completely absorbed in themselves and be unethical in that way. But once you’ve made some claim to an ethical life, and you’ve said that moral and ethical concepts matter to you, it seems to me that you have an obligation not simply to let your claim sit there, but to put your values into practice, wherever and however you can. And that comes back to those five values. How do you challenge yourself to become increasingly honest, fair, respectful, and all that? Typically, there are a couple of great touch points that people come across in life where they naturally do that: one is having children. Suddenly, when you have children, you realize that you have a responsibility for a life beyond your own. So ethics come into shape. You establish precepts, norms, and standards that you can pass on to your children.

MTM: Do you find in your work that there are particular ethical questions that people with wealth typically face?

RK: Yes, I think I do. F. Scott Fitzgerald said that wealthy people aren’t like other people. The difference has to do with their financial capacity, with their ability to have broad impact on the world through their finances. With wealth, you can influence things in a bad way or a good way. The problems that people with wealth have are not so much about everyday necessities; those are taken care of with very little trouble. The bigger questions are, “What am I going to do with this money? If I’ve earned it, why on earth did I earn it and what do I want to have happen with it?” And, “If it was given to me, what do I do with it?”

In my experience, people who have earned wealth seem to have a bit clearer sense about this than people who were handed wealth, because those who have earned it have gradually accommodated to the prominence that comes with wealth and have learned how to handle the fame and notoriety. Often, that’s the most difficult thing for people of wealth to deal with—the prominence and notoriety that comes with it. As people deal with that challenge, they are forced to address profoundly metaphysical questions: “Who am I? What am I here for? Do I deserve it?” Inheritors often haven’t had the chance to address those questions when they first receive their money. Those who have earned wealth know why they’ve worked so hard, and they know that the money has been a compensation for an awful lot of hard work. I think really thoughtful people on either side have got to come to terms with these questions and I sometimes think it’s easier for thoughtful people who have earned it than for those who haven’t.

I suspect that one of the most difficult social interactions

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**Rushworth Kidder** continued from p. 5

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“*If you don’t continue to exercise your ethical skill, you begin to lose it.*”

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**MOtH ReAdERS CORE VALUES**

According to the Institute for Global Ethics, people throughout the world consistently name the following five values as being among the most important:

- Honesty
- Responsibility
- Respect
- Fairness
- Compassion
imaginable occurs when people who have earned wealth come together in a social setting with people of wealth who haven’t earned it. I think the two perspectives are totally different mindsets, and it’s difficult for either side to grasp the other’s point of view. If that’s the case, one ought to be able to predict that in families of wealth some of the most difficult and challenging discussions and arguments would occur when the wealth has been earned by the older generation and passed on to the younger. Some of the greatest tensions I’ve encountered come from people in the same families sitting on different sides of the table because they’re in different generations.

MTM: Does your ethical framework help in those kinds of situations and discussions?

RK: Yes, because we’re not talking about questions of right vs. wrong, but of what I call “right vs. right.” The really tough issues are not about what’s right and what’s wrong and not knowing what to do. We do know what to do in those situations, although would like to shift the ethics metaphor from the legalistic to the scientific methodology. I much prefer people say, “There’s lots of right out there and my task is to find the higher right,” rather than try to figure out what the wrong side is.

“Right vs. Right” Dilemma

When two equally important values are involved, do you choose the one that favors:

- TRUTH or LOYALTY?
- SELF or COMMUNITY?
- SHORT TERM or LONG TERM?
- JUSTICE or MERCY?

we may be tempted not to do the right thing. Where it gets difficult is when you have questions that involve “right vs. right”—where two important values are in conflict with each other and you can make a powerful case for both sides. (See sidebar.)

The challenge in a family dynamic of wealth is that the people involved often slip down to the next lower standard and assume that ethics is about right vs. wrong, not that there may be two “right” choices. From there, it’s a quick step to assume that “I’m doing it right and they’re doing it wrong,” and the situation quickly goes to blame and shame. If we can begin to recalibrate the moral compass, and think about ethics as right vs. right, that has a powerful impact on the way people relate to one another. When we’re not starting out on the search for right vs. wrong, the interaction is much more fruitful.

This is not an easy recalibration for any of us in our culture because we’ve been brought up with a decision-making model that first finds out which is the bad side, and then by default chooses the other. That’s basically how political campaigns are conducted, for example. We try to find out who is the awful, terrible villain and then vote for the other one. In theater and movies, that’s the way our melodramas are constructed. The legal profession operates this way as well. Your lawyer defends you and presents the other as the epitome of evil. The scientific model, however, is the antithesis of that. A good scientist goes into a situation with a hypothesis. If a piece of evidence comes along that contradicts it, the hypothesis is changed. The scientist says, “Oh good. This is interesting. Let’s rethink this.” In contrast, a lawyer facing a piece of contradictory evidence will do everything conceivable to discredit it and prove that it’s not valid. They are two distinctly different mindsets.

MTM: Would you say more about the framework you use to help decide between two valid ethical choices?

RK: There are not an infinite number of “right vs. right” dilemmas. In fact, at the Institute for Global Ethics, we think there are only four types of dilemmas. We think people get into ethical dilemmas because they run into situations where they are pulled in two competing directions:

Truth vs. Loyalty

Truth, to most people, is conformity with facts or reality. Loyalty involves allegiance to a person, group, organization, government, or set of ideas. This one occurs a lot in families. For instance, Junior may think the future lies in funding a new children’s television program, while Grandpa has always provided core funding, out of money he earned,
to a long-established children’s literacy group. The truth, to Junior, is that the literacy group is in terminal decline—while the loyalty is to Grandpa and what Grandpa loves. What should Junior do when, as here, both sides are right?

**Short-term vs. Long-term**

A short-term versus long-term—or “now versus then”—dilemma reflects the difficulties that arise when immediate needs or desires run counter to future goals or prospects. One example would be questions of short-term consumption versus long-term investing. If we put all our money in investments and never eat again, then we’re going to die. If we put all our money in consumption and never invest anything, we could be in trouble in the event of an unexpected crisis. Very heated conversations in boardrooms often originate around questions having to do with whether we should spend or save, and how much to spend or save.

**Individual vs. Community**

This paradigm can also be thought of as us vs. them, self vs. others, or the smaller vs. the larger group. It comes up a lot in grant making and foundation or personal charity work. Some say we must create structures in the community that, over time, will lift the greatest number of people out of poverty. Others say, “Look at these folks starving now. We can’t give our money to anti-poverty think tanks because we need to make sure that people have enough to eat today.” There is right on both sides.

**Justice vs. Mercy**

Justice always deals with expectations; mercy deals with the exception to those rules. Fairness, equity, and even-handed application of the law often conflict with compassion, empathy, and love. (Anyone who has ever raised a teenager understands this dilemma.) Suppose your giving guidelines have changed. You no longer fund the arts. Then an arts organization that is a former grantee comes to you fighting for its life—because its annual fundraiser, held a month after 9/11, was an utter bust. There are powerful cases here for funding and for not funding.

I have yet to run into a really tough right vs. right dilemma that doesn’t fit one of those paradigms. So the four paradigms can be a useful tool to help us understand what we’re dealing with when we run into an ethical dilemma. We can weigh the dilemma carefully and say, “Let’s think of these arguments along the truth vs. loyalty axis,” or the short-term vs. long-term axis, or whichever one the dilemma would fall into. That tends to make the question easier to grapple with.

That, however, is analysis and not resolution of the dilemmas. So at the Institute, we talk about resolution principles that can help you resolve the dilemmas and take ethical action. Three traditions of moral philosophy give us some principles that are widely used to resolve ethical dilemmas:

- You can use an **ends-based principle**, which says you should choose the greatest good for the greatest number.
- You can use a **rules-based principle**, which says that what you’re about to do, you would like to see made into universal law. You ask, “What would happen if everyone did what I’m doing?”
- The third is a **care-based principle**, which is the idea of the golden rule: *Do unto others as you would have them do unto you.*

By applying those principles to different kinds of situations, you can move to resolution. However, the principles themselves will not give you the answer. You just have some tools to work with. It’s as though I were to give you a whole set of carpenter’s tools—it’s not the same as giving you a house. But you’ve got the tools and you can build something.

MTM: But how do you choose between those principles? It seems that you might end up with a different result, depending on which principle you choose.

RK: Well, that gets back to one of the most difficult things humanity has to do, which is think. The principles provide a structure for thinking, but they don’t think for us. You have to come to a decision that both “thinks right” and “feels right”—it makes sense rationally and logically, and it also feels right intuition. You reason it through and say to yourself, “This strikes me as a little closer to the right.” I’m not saying that the other side is wrong; it’s just that this one seems like the higher right in this set of circumstances. The application of ethics doesn’t lend itself to formulaic determination. If it did, Aristotle would have told us the answer centuries ago. Ethical decisions are complex, nuanced, and require real thought.
MTM: Is it harder for people with wealth to be ethical than it is for others?

RK: No, I don’t think wealth is a determinant, once you get past the first hurdle—once you’ve adopted the idea that you’re not going to be selfish but that you’re going to be ethical. It’s challenging in an ancillary way, though, because of the fringe effects of wealth, notoriety, and fame. You can become famous in a way that has nothing to do with wealth. When I was a columnist for the Christian Science Monitor, I used to joke that I was poor but famous. That’s the nature of journalism. One can become well-known by accumulating power or celebrity status. The more difficult challenge has to do with how you handle fame, because it can drive you into excessive selfishness. You come to believe that you can do no wrong. You believe what people are saying about you. When I joined the board of the Charles Stewart Mott Foundation, I remember people saying, in jest, “You’ll never again have an honest compliment or a bad meal.” Thoughtful individuals of wealth have devised clever and careful ways to avoid falling into those traps. For example, they might keep themselves at a distance from people who are going to flatter them or cozy up to them for all kinds of wrong reasons. It can look from the outside like selfishness, but it may be necessary to keep from becoming selfish. You have to watch for signs of selfishness in yourself. You may even be led by your peers and advisers to believe that selfishness is okay because you deserve it, but that can lead to being far less ethical.

MTM: Is it more important for people with wealth to be ethical than it is for others?

RK: Absolutely. I would say that’s true for people with wealth, power, or fame. Those are the three challenges humanity deals with. It’s because of leverage. When you’re wealthy, you are able to make things happen that other people aren’t. If I think a nefarious means should be used to derail a political movement or change the politics in my town, as an ordinary citizen with $25 to donate, I can’t do much to derail it. But with a half million dollars to give and an organization behind me, I can do a lot. Wealth leverages ethics. Like it or not, there really is a sense of noblesse oblige. There is an obligation that comes with wealth and power to use it in the right way for the benefit of humanity and not for personal whims.

Developing Your Ethical Fitness

The Institute for Global Ethics produces three ethical training programs on CD-ROM, each with a companion booklet of readings:

- Leading With Values
- Ethical Choices for Family Foundations
- Cornerstones for Ethical Foundations

($75.00 each, available from The Institute for Global Ethics, www.foundationethics.org, 207-236-6658)

You can use these programs for yourself or for staff and boards of family and non-profit foundations. The Institute suggested we preview all three CDs before choosing which to order; we suggest you do the same. Each contains enough provocative material to stimulate your thinking for years to come. If you’ve ever been sure you’re right, or if you deal with people who are sure they’re right, you’ll love these exercises. Point-and-click scenarios followed by possible solutions help you examine your personal values and grapple with real-life ethical challenges in the non-profit world. Should you honor the wishes of the foundation’s late founder, even though circumstances have changed? Should you forgive a tiny misrepresentation on a resume? Should you continue to work with a celebrity who has entered the realm of controversy?

A word of caution: The CDs open with an ethical dilemma scenario involving a rescue worker and a tragic accident. One member of our review team found the scene gruesome and inappropriate for its audience. The others found it a fascinating and illustrative example of the concepts presented on the CDs. Other possible drawbacks: The slowness of the CD format may be frustrating for those accustomed to DVD navigation, the look of the production may be too institutional for some, and the computer novice will not find the CDs to be very intuitive. Nonetheless, all three CD programs present a useful framework for ethical decision-making and provide lots of practice to help you develop your skills.

—Reviewed by Ruth Ann Harnisch, Pamela Gerloff, and Mara Peluso